

The Call

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Mayor pitches housing tax break

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WOONSOCKET -- For the second year in a row, Mayor Susan Menard is asking the General Assembly to amend a law that entitles the owners of certain affordable housing units large property tax breaks, saying the law hits Woonsocket -- and its working people -- inordinately hard.

The reason, Menard said, is that Woonsocket has more housing for low- and moderate-income families than any other community in the state -- 17.4 percent of all dwelling units.

To rectify the situation, Menard is proposing that the tax benefit be repealed in any city that reaches the same threshold or any suburban area whose net share of affordable housing units reaches 11 percent of the overall housing stock. The measure would take effect on July 1 if it's passed by the General Assembly.

"It's only fair because we're getting bled to death," said the mayor. "The law's not fair at all to those people in the city who are paying their taxes, struggling, when there are communities in the rest of the state with virtually no subsidized housing stock. Look at Little Compton: half a percent. What's that, one apartment?"

Menard says the revenue that the city is prohibited from collecting under the measure invariably must be absorbed by other homeowners and businesses.

The measure -- Title 44, Chapter 5-13.11 of the General Laws -- allows owners of rent- and income-subsidized properties that have undergone a "substantial rehabilitation" to pay property taxes restricted to 8 percent of the prior year's gross rent receipts. For a unit -- which otherwise would generate \$1,000 -- the law would cap taxes at around \$425, officials say. In effect since July 1995, the law was promulgated by the Rhode Island Housing and Mortgage Finance Corporation to encourage the growth of affordable housing.

Last spring, the city went to Superior Court to challenge two housing partnerships that claimed the benefit for some 91 units of housing in Constitution Hill. The companies, Securing the Future and Reclaiming the Vision, were affiliated with the non-profit Woonsocket Neighborhood Development Corporation, which also was a part owner of the properties.

The court found for the defendants, however, ordering the city to repay the owners of the property \$45,000 -- which the judge said had been unlawfully assessed under Title 44.

Two weeks later, the city urged the General Assembly to repeal the measure, but the mid-session effort never got off the ground.

Menard, who plans to testify in support of the measure this year, is optimistic about the future of the bill, she says, because supporting the tax amendment is not synonymous with being against affordable housing.

"All I'm saying is if they're going to build them, at least let them pay the same as what everybody else is paying," said the mayor. "I'm trying to get a balance of housing in the city so that it is not only a place where there is affordable housing but also where everybody pays their fair share."

The amendment would also give suburban communities an opportunity to build up their stocks of affordable housing to "catch up" with Woonsocket, at which point they, too, would become exempt from Title 44, she said.

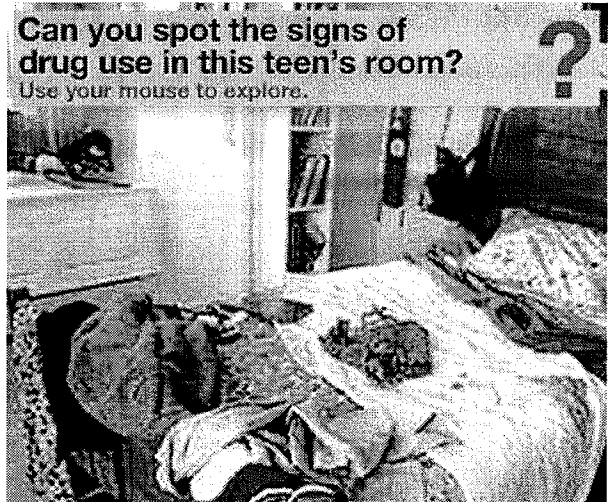
While Rhode Island Housing and Mortgage Finance Corporation pegs the affordable housing stock at some 17 percent of its 18,757 housing units, Menard acknowledges that only a fraction are ruled by Title 44. Many others, including those of the Woonsocket Housing Authority, an arm of the federal government, enjoy other tax benefits controlled by Congress, she said.

Citing the corporation's figures, Menard said Woonsocket is trailed in affordable housing by Newport, with 16.8 percent; Central Falls, 14.3; Providence, 13.8; and East Providence, 10.8.

In the Greater Woonsocket suburban areas, the leader in low- to moderate-income housing appears to be North Smithfield, with 8 percent. Burrillville has 7.2 percent; Lincoln, 6.8 percent; Cumberland, 5.7 percent; Glocester, 1.9 percent; and Foster, 2.3 percent.

The mayor said the bill was introduced on her behalf by State Rep. Todd R. Brien (D-Woonsocket) on Tuesday. The City Council will consider a resolution in support of the measure on Monday.

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"Some people will see this as anti-affordable housing," the mayor said. "But that's not the case. We're trying to be fair to everybody, especially people who pay full property taxes."



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